



6480 04/27/06 \$10,000.00 ✓

OFFICE OF
INSURANCE COMMISSIONER

IN THE MATTER OF)	NO. D06-111
)	CONSENT ORDER IMPOSING
HOUSTON GENERAL INSURANCE)	A FINE AND RESCINDING
COMPANY,)	ORDER SUSPENDING
)	CERTIFICATE OF AUTHORITY
An Authorized Insurer)	

FINDINGS OF FACT

1. Houston General Insurance Company ("Houston General") is authorized to conduct insurance business in Washington State. It issues property, casualty, and surety insurance.
2. Houston General mailed a paper copy of its 2004 Statement of Actuarial Opinion ("SAO") to the Office of the Insurance Commissioner ("OIC") on March 1, 2005.
3. In late April 2005, the OIC sent a notice to Houston General, informing it that the OIC had not received its 2004 SAO.
4. Houston General discussed the late SAO filing with OIC staff on several occasions after the above-referenced notice letter was received, and attempted to electronically file the SAO. Houston General also sent another paper copy of the SAO to the OIC on May 3, 2005. Houston General has never received confirmation that OIC accepted its 2004 SAO.
5. On or about February 27, 2006, the OIC sent a Notice of Intent to Suspend Certificate of Authority and a proposed Consent Order to Houston General, imposing a fine in the amount of \$10,000 for the missing SAO. The Notice of Intent to Suspend Certificate of Authority set a due date of March 16, 2006 for the filing of the 2004 SAO in order to avoid suspension.
6. Houston General contacted OIC staff in early March 2006 to discuss the issues and the fine. By that time, however, the OIC annual report system was not able to accept the 2004 SAO electronically.

CONSENT ORDER IMPOSING
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Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501



CONCLUSIONS OF LAW

1. Houston General's failure to timely file its calendar year 2004 Statement of Actuarial Opinion in electronic form constitutes a violation of RCW 48.05.250(1) and WAC 284-07-060(2).
2. RCW 48.05.185 authorizes the Commissioner to impose a fine in lieu of or in addition to suspension or revocation of an insurer's certificate of authority.

CONSENT TO ORDER

Houston General wishes to avoid suspension of its Washington Certificate of Authority and wishes resolve this matter without further administrative or judicial proceedings. Houston General understands that this Consent Order is intended to resolve only the issue of penalties for Houston General's late filing of its SAO for the year ended December 31, 2004, and that the matter of fines, penalties or sanctions for any other late Washington filings by Houston General will be dealt with separately and in addition to the fine imposed by this Order. Houston General hereby consents to entry of the foregoing Findings of Fact and Conclusions of Law and to the entry of this Order and acknowledges its duty to comply fully with the applicable laws of the State of Washington.

By agreement of the parties, the OIC will impose a fine of \$10,000 upon Houston General.

By agreement of the parties, the OIC will rescind its Order Suspending Certificate of Authority with a retroactive effective date of February 27, 2006.

Pursuant to RCW 48.05.185 and RCW 48.110.130, failure to pay the fine timely shall constitute grounds for the revocation or suspension of Houston General's Certificate of Authority and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED and AGREED this 11th day of April, 2006.

HOUSTON GENERAL INSURANCE COMPANY

Signed Name: 

Printed Name: Dennis R Smith

Printed Title: Secretary

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ORDER:

NOW, THEREFORE, IT IS HEREBY ORDERED as follow:

1. Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of Ten Thousand Dollars (\$10,000) upon Houston General Insurance Company. The fine must be paid in full within thirty days of the entry of this order in Tumwater, Washington.
2. The Order Suspending Certificate of Authority No. 1287, entered March 16, 2006, is hereby rescinded in its entirety dated retroactively to February 27, 2006.
3. Failure to pay the fine timely shall constitute grounds for the revocation of the insurer's certificate of authority and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON on this 13th day of April 2006.

Mike Kreidler
Insurance Commissioner

By 

Marcia G. Stickler
Staff Attorney, Legal Affairs

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